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TO RUCNRAQ/IRAQ COLLECTIVE IMMEDIATE  
RUEHC/SECSTATE WASHDC IMMEDIATE 1662

C O N F I D E N T I A L BAGHDAD 001945

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TAGS: ECON EFIN IZ PREL

SUBJECT: DEMARCHE: REMAINING OIL FOR FOOD CONTRACTS

REF: A. A. STATE 64688

¶B. B. BAGHDAD 1784

¶C. C. STATE 76747

Classified By: Ambassador Daniel Speckhard for reasons 1.5 (b) and (d).

¶1. (C) In response to action request in reftel c, econoff met with Ambassador Srood Najib, head of the International Organization and Multilateral Cooperation Department, Ministry of Foreign Affairs (MOFA), on Wednesday June 6. Econoff re-iterated the USG's desire to close-out remaining Oil-for Food Program-related Letters of Credits (L/Cs) as soon as possible. Najib noted that a number of Ministries had responded to his request for information to finalize outstanding L/Cs. Copies of those documents were to have been provided to the USG; however, the individual responsible for collecting the documents was unable to attend the meeting due to military actions underway by the Coalition Forces in the vicinity of the MOFA.

¶2. (C) Ambassador Najib discussed the problems of obtaining the necessary documentation for deliveries. He noted a number of problems. Deliveries of goods have been made throughout the country and not just in Baghdad. Communications are poor. In some cases authentication of the goods is hampered by the fact that the individuals who originally signed for the goods have retired, been killed, or simply moved away. The question of corruption in Ministries was also discussed, but this issue appears to be insignificant in regard to other authentication problems.

¶3. (C) Najib also discussed at length the issues of corruption by the sellers, which he views as different from problems with authentication of delivery, but can include that problem. In a number of cases deliverys have been made of goods different from those originally ordered. Many problems involve Russians who hold the largest amount of outstanding claims. Najib discussed pursing legal claims against those sellers who have not returned monies owed to Iraq. He asked for USG assistance in pursing these Iraqi claims. He was practically irritated by that he sees as the failure of USG and other coalition partners to pursue prosecutions related to OFF and to assist the GOI to recover monies owed.

¶4. (C) Ambassador Najib plans to meet in New York in the next several weeks with Deloitte Financial Advisory, and investigate pursuing claims in court both in the US and in other countries. He requested that econoff attend the meeting, if available.

¶5. (C) Econoff contacted the Iraq Ministry of Oil (MinOil) on the status of its outstanding claims and open L/C,s. MinOil is the largest holder of claims and open L/C,s and is still working on gathering information. The MoO voiced the general concerns about the difficulty of establishing the validity of claims similar to those expressed by Najib.

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